

**DRAFT MINUTES
VIRGINIA OFFSHORE WIND DEVELOPMENT AUTHORITY
VIRGINIA HOUSING CENTER
GLEN ALLEN, VIRGINIA**

**THURSDAY, MARCH 21, 2013
10:00 A.M.**

CALL TO ORDER

Chair Bob Matthias called the meeting to order at 10:10 a.m. Al Christopher introduced DMME staff Michael Skiffington, Program Support Manager/ Legislative Liaison; and Lynne Astroth, Energy Project Coordinator.

Members Present: Bob Matthias, Joan Bondareff, Mary Doswell, Brian Redmond, Lisa Johnson

Members Absent: Art Moye, John Jester, Ron Ritter

Staff: Conrad Spangler, DMME Director; Cathie France, DMME Deputy Director for Energy Policy; Al Christopher, DMME Energy Division Director; Ken Jurman, DMME Renewable Energy Manager; Michael Skiffington, DMME Program Support Manager; Lynne Astroth, DMME Energy Project Coordinator; Sarah Surber, Assistant Attorney General; Jon Miles, Virginia Center for Wind Energy-JMU; Rick Thomas, Timmons Group

Guests: Guy Chapman, Director of Renewable Energy Research and Program Development, Dominion Resources, Inc.; Keith Stevenson and Steve Pascuzzi, Principals, Sound Conclusions LLC

APPROVAL OF MINUTES

The Chair called for a motion to approve the January 17, 2013, minutes as presented. The motion to accept the minutes passed unanimously.

Virginia Offshore Wind Technology Advancement Project Update (VOWTAP)

Presenter: Guy Chapman, Dominion Resources, Inc.

Guy Chapman provided an update on VOWTAP, the research project funded by DOE. The Phase I kick-off meeting was held February 19th to launch and coordinate efforts of the Virginia Team. The next interagency meeting with all of the federal and state permitting agencies that will permit activity for the VOWTAP project is scheduled for March 25th. The focus is on innovation and cost of energy reductions. The permitting

process, which is underway, will extend over a two-year period. In May 2014 DOE will select the three projects to proceed with 100% FEED and construction. The Virginia project would require the State Corporation Commission's cost recovery approval before proceeding. While this approximately nine-month process would create a time delay, the Virginia team can request that SCC expedite the process. A copy of the slide presentation will be available on the VOWDA web site, <http://wind.jmu.edu/offshore/vowda/index.html>.

BOEM AND OCEAN SURVEY UPDATES / VIRGINIA OFFSHORE WIND TIMELINE

Presenter: Al Christopher, DMME

Virginia Final Sale Notice (FSN)—OSW Wind Development Commercial Lease: Discussions with BOEM last week indicate that things look promising for the completion of the Final Sale Notice (FSN). BOEM is also considering a webinar for the BOEM-VA Intergovernmental Task Force meeting on the FSN, which would speed up the process.

Research Lease 1: BOEM announced March 14th the Finding of No Competitive Interest in the area where DMME proposes to conduct renewable research lease activities. This decision clears the way for DMME to submit a General Activities Plan to BOEM, including siting and installation of 2 meteorological and ocean monitoring platforms to collect data on wind velocities, water levels, waves, and bird/bat activities. DMME will respond once it receives the request and general guidelines from BOEM. If the research plan is accepted, a Memorandum of Agreement will be executed. If issued, it will be the first time a state agency has received on OCS research lease.

Research Lease 2: DMME's second research application for construction of advanced technology demonstration wind turbines to the west of the Virginia WEA has met technical and financial qualifications. The next step is the Federal Register publication of the 30-day Request for Competitive Interest. There is a tight timeline for this lease. It is needed soon to allow the VOWTAP timeline to work and for the process to be competitive.

Virginia WEA Ocean Geological Survey Update: The kickoff meeting, which was held March 20th, heard ideas from BOEM, Fugro, and Virginia Tech on how to advance and enhance the survey. While a lot was learned, a lot more data is needed. The next meeting is scheduled for April 17th. An update will be provided at a future VOWDA meeting.

Virginia Offshore Wind Timeline: Staff presented the first draft of a Virginia Offshore Wind Timeline. Once completed, the timeline will be added to the VOWDA website and will be continually updated. If the process moves forward smoothly, construction of the first phases of a wind farm could start in 2017. Some of the

timeline dates are comparable to the European process and are only considered good educated guesses.

OFFSHORE WIND INVESTMENTS IN OTHER STATES

Ken Jurman presented a summary of some offshore wind investments in other Mid-Atlantic States, including Georgia, Maryland, North Carolina, New Jersey, and South Carolina. A copy of the summary will be available on the VOWDA web site, <http://wind.jmu.edu/offshore/vowda/index.html>.

Mary Doswell briefed the board on Maryland's recently passed Offshore Wind Energy Act of 2013 to help subsidize development of offshore wind energy (one-page handout). To offset costs of producing the wind energy, once windmills are built the residential ratepayers would be charged a monthly rate not to exceed \$1.50 and nonresidential ratepayers would pay a monthly surcharge not to exceed 1.5% of annual electric bills. Pricing can't exceed \$190 per MWh. Because of constraining factors, Mary explained that development isn't something that can happen now. Project costs would first need to drop significantly.

Brian Redmond said that it would benefit the Commonwealth to determine what the Virginia ratepayer is willing to pay or at least come up with a target. Costs will have to be driven by this information and providing this information can help to start driving the costs down. Helping to determine this rate may be something that VOWDA can do.

VIRGINIA WEA PASSIVE ACOUSTIVE MONITORING

Presenters: Keith Stevenson and Steve Pascuzzi, Sound Conclusions, LLC

Sound Conclusions LLC is a veteran-owned small business based in Virginia Beach that specializes in marine and terrestrial Passive Acoustic Monitoring to support environmental data collection, analysis, and reporting. Keith Stevenson and Steve Pascuzzi provided a brief overview of how their company can support Virginia's offshore wind energy development and presented initial findings (June – November 2012) of their self-funded study to collect and analyze acoustic data in and around the Virginia WEA. They want to bridge some of the knowledge gap into what is going on off the coast of Virginia.

Buoys the size of beach balls placed in the waters off of Virginia Beach monitor aquatic life and marine mammals such as endangered whales. Data collecting will take about one year to establish a baseline and then will continually be updated. Seventy (70) percent of the acoustic data, which is reviewed second-by-second, has been analyzed. The company thinks potential offshore energy developers of Virginia's federally designated wind lease area would be interested in this data, which could help drive the most efficient methods of construction. However, the data is proprietary to the company.

LEGISLATIVE UPDATES

Presenter: Cathie France, DMME

Utility Regulation Act: The Governor signed legislation that eliminates utility renewable energy incentives to meet the voluntary RPS and rewards for new generation. Incentives will still remain for offshore wind but would be reduced.

Offshore Wind Funding: While the Governor did not add additional funding for offshore wind development in his budget, VOW submitted a funding request to include \$1 million to leverage federal and private funds for data collection. Through joint efforts and presentations to the legislature by VOW and Cathie France on how last year's funding of \$500,000 has been used, the budget amendment passed to provide \$1 million from the general fund in the FY13-14 for DMME "to leverage private and federal funding for increased data gathering to give Virginia an advantage over competing states in attracting offshore wind industry to Virginia." Staff welcomed any feedback from the Board on how to use these funds. This will be included on the agenda for discussion at the May 23rd VOWDA meeting.

There was also discussion on reaching out to the eight potential developers that have expressed interest in commercial development of the lease area off Virginia's coast to find out what their needs are and to ask for their input on what the Commonwealth can do to advance offshore wind. DMME staff will send out a survey.

OFFSHORE WIND TAX INCENTIVE LEGISLATION

U.S. House and Senate *Incentivizing Offshore Wind Power Act* legislation was reintroduced in the 113th Congress by Senator Carper and Representative Pascrell, among other co-sponsors, which would provide a 30% investment tax credit for the first 3 GW of U.S. offshore wind projects. Once awarded a tax credit, companies have five years to install the offshore wind facility. Companies cannot receive other tax credits in addition to the offshore wind investment tax credit.

Brian Redmond had proposed that VOWDA send a letter to Virginia's congressional delegation to support the offshore wind investment tax credit legislation. DMME staff drafted a letter and presented it to the Board for review at today's meeting. After discussion, changes were made to the 2nd bullet on page 2 of the letter. The members voted unanimously to approve the letter as revised for submittal to Virginia's congressional delegation. A copy of the letters will be available on the VOWDA web site, <http://wind.jmu.edu/offshore/vowda/index.html>.

PUBLIC COMMENTS

No comments were received.

NORTH CAROLINA CALL FOR INFORMATION

Mary Doswell informed the Board that North Carolina received five responses to its offshore wind Call for Information (two-page handout). One of the five responses was from Dominion North Carolina Power. Two of the potential development areas are on the North Carolina and South Carolina borders. Dominion, which serves the Outer Banks, expressed interest in the third block offshore Kitty Hawk, which is seven times larger than the Virginia Wind Area. The interconnect would have to come into Virginia Beach near the Virginia WEA.

SPEAKERS FOR FUTURE VOWDA MEETINGS

Joan Bondareff suggested that it would be useful to invite speakers to discuss the findings of their recent studies on how to incentivize offshore wind. DMME is reaching out to the authors as to the possibility of presenting at a VOWDA meeting. These studies include:

- The Brattle Group Study: A Learning Investment-based Analysis of the Economic Potential for Offshore Wind
- NRDC Issue Paper: Fulfilling the Promise of U.S. Offshore Wind: Targeting State Investment Policies to Put An Abundant Renewable Resource within Reach
- CESA Report: Collaborative Procurement of Offshore Wind Energy – A Buyers Network: Assessment of Merits and Approaches.

Brian Gibbs of PSEG Global has been contacted and may be available to discuss the New Jersey OREC Program at the May 23rd VOWDA meeting.

NEXT VOWDA MEETING

VOWDA will next meet on Thursday, May 23, 2013, 10 a.m. in Henrico Room 2 of the Virginia Housing Center in Glen Allen.

ADJOURNMENT

The meeting adjourned at 12:00 Noon.